

Political Ideology and Policy

"No matter where you stand politically—even if you're unsure of what your political ideology is— it is important to take part in the process of shaping our government."

—Brad Henry, Governor of Oklahoma (D, 2003–2011)

Essential Question: How do political ideologies shape policy debates and choices in American politics?

Political ideology is the grand set of political beliefs one holds. As you read in Chapter 2, public policy is the set of laws, regulations, funding priorities, executive actions, and court rulings that the government has implemented to address various problems. America's domestic policy includes all such programs that directly affect the people in the nation. Widely held political ideologies shape policy debates and choices, including those related to the government's role in regulating the economy and addressing social issues.

Policy is created and shaped by the federal government, even in small ways, such as when a member of Congress inserts language into a bill, when the president discusses relations with another head of state, when the U.S. Postal Service changes its delivery schedule, or when a court sets a precedent. The impetus for those policies, however, stems from Americans' values, attitudes, and beliefs. These drive the formation, goals, and implementation of public policy over time.

Party Ideology and Policymaking

The modern Republican Party holds a conservative party doctrine. Republicans for decades have preached against wasteful spending and for a strong national defense, limited regulation of businesses, and maintaining cultural traditions.

Democrats, on the other hand, uphold a liberal doctrine, believing strongly in civil rights, women's rights, and civil liberties. Democrats also desire more government services to solve public problems and greater regulations to protect the environment. These general positions of the two major parties tend to determine the terms of debate on public policy issues. Additional minor parties are players in this political game and have a degree of influence in policymaking. Minor parties are discussed in Chapter 13, which includes an in-depth look at the operations and influence of political parties.

Party Platforms

Divisions exist within both major parties. At no time do all party members agree on how to tackle all the issues. Yet the best way to determine a party's primary ideology is to read its platform, or list of principles and plans it hopes to enact. Platform committee members argue over the wording of this document during drafting. The arguments have revealed strong in-party differences or fractures.

In addition to basic principles, the party platforms drafted in 2016 include the legacies of each party's noted historical heroes, some specific proposals, and accusations against the opposite party. Below and on the next page are some selected quotes from the Democratic and Republican platforms on a wide range of issues.

Democratic Party Platform 2016

- **On health care for the poor:** "We will keep fighting until the [Affordable Care Act's] Medicaid expansion has been adopted in every state. Nineteen states have not yet expanded Medicaid. This means that millions of low-income Americans still lack health insurance and are not getting the care they need."
- **On equal rights for women:** "We are committed to ensuring full equality for women. Democrats will fight to end gender discrimination in the areas of education, employment, health care, or any other sphere."
- **On equality and sexual orientation:** "Democrats will fight for the continued development of sex discrimination law to cover LGBT people."
- **On immigration:** "Democrats believe we need to urgently fix our broken immigration system—which tears families apart and keeps workers in the shadows—and create a path for citizenship for law-abiding families...."
- **On climate change:** "Democrats share a deep commitment to tackling the climate challenge. . . . We believe America must be running entirely on clean energy by mid-century."
- **On abortion:** "Democrats are committed to protecting and advancing reproductive health, rights, and justice. We believe unequivocally, like the majority of Americans, that every woman should have access to quality reproductive health care services, including safe and legal abortion—regardless of where she lives, how much money she makes, or how she is insured."

Republican Party Platform 2016

- **On poverty and welfare:** “We propose . . . the dynamic compassion of work requirements in a growing economy, where opportunity takes the place of a hand-out, where true self-esteem can grow from the satisfaction of a job well done.”
- **On the death penalty:** “With the murder rate soaring in our great cities, we condemn the Supreme Court’s erosion of the right of the people to enact capital punishment in their states.”
- **On marriage:** “[Family] is the foundation of civil society, and the cornerstone of the family is natural marriage, the union of one man and one woman.”
- **On immigration:** “Our highest priority . . . must be to secure our borders and all ports of entry and to enforce our immigration laws.”
- **On gun control:** “We salute the Republican Congress for defending the right to keep and bear arms by preventing the President from installing a new liberal majority on the Supreme Court.
- **On abortion:** “We oppose the use of public funds to promote or perform abortion We will not fund or subsidize healthcare that includes abortion coverage.”

These statements reveal why each party has a unique following of voters. The Democrats have claimed that they are an inclusive party that works for minority rights. Republicans, on the other hand, rely on conservative voters who support limited gun regulation, anti-abortion legislation, and increased national security. The electoral map of recent years shows these same geographic trends. The Democratic Party generally carries the more liberal northeastern states and those on the West Coast, while Republicans carry most of the South and rural West and Midwest. In recent decades, Democrats have increased their votes among women, African Americans, and the fastest-growing minority in the United States, Hispanics.

Democrats and Republicans also tend to disagree on economic matters and issues related to law and order. Democrats, for example, tend to support increasing government services for the poor, including health care, and they tend to support regulations on business to promote environmental quality and equal rights. Republicans tend to oppose wasteful government spending and the expansion of entitlements—programs such as Social Security and Medicare—while supporting a strong national defense. They also tend to support limited regulation of business. On law and order, Democrats tend to prefer rehabilitation for prisoners over severe punishments and often oppose

the death penalty. Republicans tend to favor full prison sentences with few opportunities for parole and, as their platform states, they support the right of courts to impose the death penalty in certain cases.

Libertarians are much, much fewer in number than Democrats and Republicans. However, dislike of the candidates in the two major parties—Democrat Hillary Clinton and Republican Donald Trump—led 3.2 percent of voters in the presidential election of 2016 to cast their votes for Libertarian candidate Gary Johnson, former Republican governor of New Mexico. Libertarians tend to believe as liberals do on most social issues and as conservatives do on many economic issues. Their central tenet is that the government's role should be limited to protecting private property, resolving disputes, and supporting free trade.

Libertarian influence on policy is considerably weaker than that of the major parties. However, a network of billionaire donors has succeeded in electing a number of Republicans with libertarian leanings to local offices. “We’ve made more progress in the last five years than I had in the previous 50,” said Charles Koch, a key leader in the libertarian movement.

Influences on Public Policy

As you read in Chapter 10, Americans have a range of values, attitudes, and beliefs. These influence the development, goals, and implementation of public policy over time. Policies in place at any given time represent the success of the parties whose ideologies they represent and the political attitudes and beliefs of citizens who choose to participate in politics at a given time. Following are some of the key theories or pathways to policy. These differing pathways reflect some of the different types of democracy you read about in Chapter 1, since the United States has elements of each of them.

Majoritarian Policymaking Majoritarian policymaking emerges from the interaction of people with government in order to put into place and carry out the will of the majority. Democratic government, a foundational principle in America, is meant to represent the people's views through elected representatives. Popular ideas will work their way into the body politic via state and national legislatures. A president seeking a second term may go with public opinion when there is an outcry for a new law or a different way of enforcing an existing law. State referenda and initiatives, too, are a common way for large grassroots efforts to alter current policy when state assemblies refuse to make the public will the public law. (See page 487.) These are examples of participatory democracy at work.

This democratic system sounds fair and patriotic. But the framers also put into place a republic of states and a system to ensure that the tyranny of the majority did not run roughshod over the rights of the minority. Additionally, the framers warned, factions—often minority interests—will press government to address their needs, and at times government will comply.



Source: *DigitalVision*

State referenda give voters direct power over policy.

Interest Group Policymaking Interest groups have a strong influence and interact with all three branches in the policymaking process. They fund candidates who support their agendas, experts sympathetic to their concerns provide testimony at hearings, and they push for specific areas of policy to satisfy their members and their philosophy.

Interest groups represent a pluralist approach to policymaking. The interests of the diverse population of the United States, ethnically and ideologically, compete to create public policy that addresses as many group concerns as compromise allows.

Balancing Liberty and Order No matter the approach to public policymaking, two underlying principles guide debate. One is the core belief in individual liberties (pages 233–236). The other is the shared belief that one important role of government is to promote stability and social order. Policy debates are often an effort to find the right balance between these fundamental values. **BIG IDEA:** Governmental laws and policies balancing order and liberty are based on the Constitution and have been interpreted differently over time.

Decision-Making Process

In creating policy, public officials follow a general routine. Legislators and bureaucrats develop and reshape an **agenda**—a list of potential policy ideas, bills, or plans to improve society. These could be new methods of law enforcement, alterations of the tax system, or a long-term plan to improve relations with a foreign nation. With each new policy idea comes a cost-benefit analysis, a full look into the strains and efforts that come with a new policy

compared to the benefits the new policy would bring. For example, building an overhead skywalk at every intersection would reduce pedestrian injuries and deaths, but the costs—the actual price, the disruption caused by their construction, the unsightliness, and pedestrian confusion from such a network of skywalks—might outweigh the benefits.

Sequence Ideally, governments at all levels recognize an issue, study it, and try to solve it. First an issue gains attention. The attention may come from a widespread citizen push to ban smoking in public places, for example, or it may come from a defense contractor's proposed design for new fighter jets. Once the issue becomes of public concern, Congress may exercise its investigatory power to better understand the issue. If interest in an issue reaches this stage, the relevant committee(s) will hear experts testify. Ideally all sides of the issue and particular concerns about solving the problem will be heard.

Then, government formulates the policy on paper, whether it is a new bill or a new way for police to enforce existing law. As the topic is discussed in theory and the language of a bill or an executive directive is developed and refined, the government will work toward adopting the policy. Sweeping changes in law usually come incrementally, with the most passable ideas coming before any major overhauls.

The government must also figure out a way to finance the enforcement of new laws. Each new policy requires the executive branch to enforce it, which means either creating an additional agency to oversee the law or putting more responsibilities on an existing one. Finally, the government will evaluate the new policy sometime after its implementation. This evaluation could be achieved through required agency reports or with congressional oversight. (See pages 172–174.)

Challenges to new policies quickly come from those who oppose the law. Opponents often file suit to overturn the law in the courts. Many times a state legislature will pass a controversial bill with a marginal vote only to see the citizenry rise up and repeal it through a referendum. In Ohio, for example, the state legislature had passed a bill (Senate Bill 5) limiting collective bargaining for 400,000 public workers employed by the state, preventing them from striking and limiting their ability to conduct collective bargaining for better pay and benefits. The bill was signed into law on March 31, 2011. Opponents of the law, however, collected more than one million signatures to put the law on the ballot as a referendum. The voters repealed the law in November 2011.



POLICY MATTERS: POLITICAL CULTURE AND THE POLICYMAKING PROCESS OVER TIME

BIG IDEA: Popular sovereignty, individualism, and republicanism are important considerations of U.S. laws and policymaking and assume citizens will engage and participate. The movement to legalize marijuana is a good example of how policy reflects the attitudes and beliefs of citizens who choose to participate at a given time and the balancing act between individual liberty and social order. A gradual but consistent change in public opinion on the issue over the past 20 years, especially by younger voters, has caused a fairly consistent state-by-state path of legalizing marijuana.

Order Over Liberty Marijuana, or cannabis, entered the United States in large amounts with Mexican immigrants who came across the border after the Mexican Revolution of 1910. Smoking the plant was part of their culture. Soon, awareness of the mind-altering drug and its potential danger spread. States, exercising their police powers, began outlawing marijuana. As the substance moved further into the country, more states followed suit in criminalizing it.

Critics not only denounced the drug but also demonized Mexican immigrants. Some historians argue that the criminalization of marijuana was likely an attempt to keep tabs on the Mexican immigrants. A short-lived nativism accompanied the criminalization effort while likely exaggerating the drug's effects. For example, critics declared that marijuana, or "pot," caused users to commit rape, murder, theft, and other acts of violence. Newspapers published by mogul William Randolph Hearst spread sensational stories about marijuana and violence and the supposed threat it represented to social order.

Congressional Policy The federal government first acted with a 1932 policy, the Uniform State Narcotics Act, which strongly urged states to make marijuana and other drugs illegal. Meanwhile a propaganda campaign that reached a peak with the release of the film *Reefer Madness* brought attention to the drug and alleged that cannabis caused users to become deranged. In 1937, the House of Representatives held hearings on the issue; only the American Medical Association spoke against criminalizing marijuana because there was no evidence it was anything more than a mild intoxicant. After only a half hour of floor debate, the House passed the 1937 Marijuana Tax Act in an effort to regulate the substance. By the end of the 1930s, most states and Congress had criminalized marijuana. Drug enforcement, other than interstate drug trafficking, was largely handled by state and local police.



Source: *Public Domain*

The film *Reefer Madness* places the blame for all the lurid crimes in the story on cannabis.

The 1960s counterculture brought further attention to drug use and abuse. By 1970, the Controlled Substances Act, a comprehensive federal drug policy that was part of President Richard Nixon's war on drugs, was the first federal law with any teeth to enforce and heavily punish marijuana dealers and users. The law categorized heroin, cocaine, and other illegal substances in terms of potential harm and placed marijuana in the same category with no medical benefits. At the time, the Gallup organization found that only about 12 percent of respondents thought it should be legal.

Citizen Influence Balancing Liberty and Order Through the 1970s and 1980s, attitudes toward pot slowly shifted. Advocates for legalizing marijuana formed the special interest group National Organization for the Reform of Marijuana Laws (NORML) in 1970. Other advocacy groups formed as well. Additional research and public education through advocacy brought growing acceptance of marijuana use. Some states began to decriminalize (keeping the drug illegal, but reducing punishments, in some cases down to a small fine for a small amount), as the trajectory toward acceptance and legalization grew. Some in the medical community recognized its palliative properties for patients with glaucoma, depression, and other conditions and helped strengthen a movement to legalize the plant for medical purposes.

California became the first state to legalize medicinal marijuana through a statewide vote, Proposition 215, in 1996—participatory democracy at work. Over the next two decades, additional states legalized marijuana by ballot measures. As citizens legalized, more state legislatures have taken up similar bills and approved them. In October 2013, one year after full legalization in Colorado and Washington state, Gallup reported for the first time that a majority of Americans supported legalizing pot.

Not every state that has sought to legalize pot has succeeded. Ohio placed an initiative on the ballot in 2015 that failed to pass by a vote of 65 to 35 percent. Analysts believe that the measure's attempt to legalize both medicinal and recreational pot at the same time may have brought its failure, since changes in government policy are usually incremental baby steps toward what might in time become sweeping policy change. Additionally, the ballot proposal would have placed the exclusive rights to grow the plant in the hands of 10 state-approved vendors. Conservatives who opposed legalization emphasized not the nature of marijuana itself but the near-monopoly that would come with legalization.

Presidential and Judicial Policymaking The 1970 Controlled Substances Act remains as federal law. What happens, then, when a state legalizes marijuana while the drug remains illegal at the national level? That depends on whom you ask, which level and branch of government are being asked, and the political mood of the nation and states.

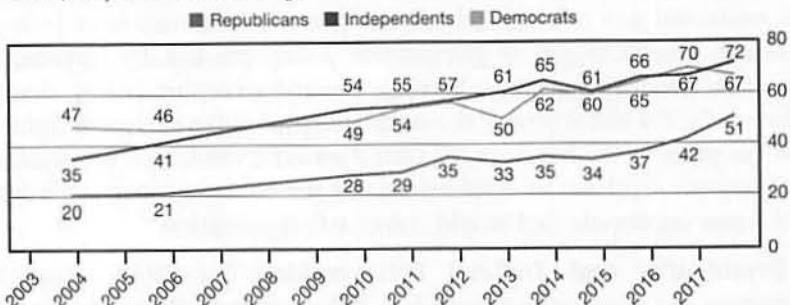
As the legalization movement was underway but before it had crossed a tipping point, federal authorities in Republican president George W. Bush's administration began a crackdown on marijuana growing operations and medical marijuana dispensaries in California. Legalization advocates and patients sued the federal government, arguing that states had the authority under the 10th Amendment and the police powers doctrine to determine the status of the drug's legality. However, on appeal, in *Gonzales v. Raich* (2005), the Supreme Court ruled that the Constitution's commerce clause entitles Congress to determine what may be bought and sold. And thus federal marijuana crimes were upheld.

Though that precedent still stands, the Justice Department under Democratic president Barack Obama and the attorney general took a different approach. The attorney general announced early in Obama's presidency that federal resources would not go toward enforcing the national law in states where the people had voted to legalize the drug. Through his eight years as president, the states—those laboratories of democracy—legalized marijuana, and federal arrests for marijuana became nearly nonexistent.

Until recently, Democrats and Independents supported legalization more than Republicans. However, as Gallup reports, most Republicans now support legalizing marijuana. The policy debate on legalization and how federal law would be enforced surfaced in the 2016 primary and general elections for president with a variety of responses from candidates in both parties. After Donald Trump took office and Attorney General Jeff Sessions—an anti-drug conservative—was sworn in, pot users and medical marijuana proponents watched closely. Whatever policy this administration takes, most analysts predict more localities will legalize the drug.

Support for Marijuana Legalization

% Yes, marijuana use should be legal



Source: Gallup

How might the publication of polls on the subject affect people's attitudes toward marijuana?

Political Ideologies and the Marketplace

The philosophy of the president and the collective attitude of Congress can drastically impact the federal budget, taxes paid into the federal purse, the value of the dollar, and trade relationships with foreign nations. Except for partisan identification, there are no greater determiners on Election Day than a voter's view of the economy and the economic scorecard for politicians in power. Incumbent presidents who sought reelection during a bad economy invariably lost their chances for a second term. The classic example is Herbert Hoover, who in 1932 sought reelection during the worst economy in history and suffered a landslide loss to Franklin Roosevelt. Presidents Ford in 1976, Carter in 1980, and Bush Sr. in 1992 all lost their quests for a second term during poor economic times. In 1992, with the Cold War over and the economy in bad shape, Bill Clinton's campaign manager, James Carville, reminded his candidate, "It's the economy, stupid." People who are adversely affected by the economy will vote against members of the incumbent party.

Governing economic and budgeting issues is challenging, especially considering the general desires of the citizenry. Most people have three desires for government finances: lower taxes, no national debt, and enhanced government services. Having all three is impossible. So how do politicians satisfy these wants? "Don't tax me, don't tax thee, tax that fellow behind the tree," Democratic Senator Russell Long of Louisiana (1948–1987) allegedly used to say. Long came from a family of adept Louisiana politicians who knew that the answer was to raise taxes on "other people." For example, governments create excise taxes on particular products or services, such as cigarettes or gambling (often called "sin taxes"), hitting only a few people, many of whom won't stop making such purchases even when taxes lead to higher prices.

A key difference between political ideologies is a set of beliefs about the extent to which the government should be involved in the economy. Liberal ideologies favor considerable government involvement in the economy as a way to keep it healthy and protect the public good. For example, during the economic decline of the Great Recession (2007–2013), Democrats in power under the leadership of President Obama supported a high level of government spending to stimulate the economy. The law received practically no Republican support in Congress. Republicans criticized the bill for its emphasis on government spending rather than tax cuts, which is what the previous president, George Bush, had supported in the Economic Stimulus Act of 2008. The tax cuts put more money into the hands of citizens, giving them more control over how to spend it, they argued. Libertarian opposition was even stronger, since libertarians saw the law as an inappropriate expansion of government power.

Varying views on the role of government involvement and regulation of the economy are based on different economic theories. Liberals use the theory of English economist John Maynard Keynes (1883–1946) to support their views. Conservatives rely on so-called “supply-side” theories developed by economists during the presidency of Republican Ronald Reagan (1981–1989). Libertarians have been influenced by economists such as Alan Greenspan, who was Chairman of the Board of the Federal Reserve System from 1987–2006, and Milton Friedman, winner of the Nobel Prize in Economics in 1976.

Keynesian Economics

Keynesian economics addresses **fiscal policy**, that part of economic policy that is concerned with government spending and taxation. Keynes offered a theory regarding the aggregate demand (the grand total spent) in an economy. He theorized that if left to its own devices, the market will not necessarily operate at full capacity. Not all persons will be employed and the value of the dollar may drop. Much depends on how much people spend or save. Saving is wise for individuals, but when too many people save too much, companies will manufacture fewer products and unemployment will rise. When people spend too much, conversely, their spending will cause a sustained increase in prices and shortages of goods.

Keynes believed that the government should create the right level of demand. When demand is too low, the government should put more money into the economy by reducing taxes and/or increasing government spending, even if doing so requires borrowing money. This approach led to the 2009 American Recovery and Reinvestment Act. If demand is too high, the government should take money out of the economy by taxing more (taking wealth out of citizens’ pockets) and/or spending less.

Keynesian economics also recognizes a *multiplier effect*, a mechanism by which an increase in spending results in an economic growth greater than the amount of spending. That is, output increases by a multiple of the original change in spending that caused it. For example, with a multiplier of 1.5, a

\$10 billion increase in government spending could cause the total output of goods and services to rise by \$15 billion. In concrete terms, consider what happens if the government begins public construction projects. Not only are unemployed construction contractors put to work, but bricklayers, electricians, and plumbers are too. With an income once again, these workers can afford to buy products and services from other retail businesses, whose income and demand for more employees increases.

Keynesian economics represents one end of the spectrum on the role of government regulation of the marketplace, calling for significant government involvement. Liberal ideologies tend to favor this level of government involvement. Democrat Franklin Roosevelt based his New Deal concept largely on the Keynesian model. The federal government built an array of public works during the Great Depression (1929–1939). Agencies such as the Works Progress Administration, the Public Works Administration, and the Civilian Conservation Corp built new schools, dams, roads, libraries, and other capital investments. The government had to borrow money while it pumped money into the economy and provided jobs. More recently, as you read, the American Recovery and Reinvestment Act (ARRA) of 2009 helped create new jobs by investing in education, infrastructure, health, and renewable energy resources.

Supply-Side Theory

At the other end of the economic ideological spectrum are supply-side theorists. They, too, address fiscal policy, but they approach it in a different way. Harvard economist Arthur Laffer, a key advisor to Republican President Ronald Reagan, came to define **supply-side economics**. Supply-siders—fiscal conservatives—believe that the government should leave as much of the money supply as possible with the people, letting the laws of the marketplace—supply and demand, for example—govern the market. This approach, known as *laissez-faire* (French for “let it be”) or free-market theory, means taxing less and leaving that money in citizens’ pockets. According to this theory, such a stance serves two purposes: 1) people will have more money to spend and will spend it, and 2) this spending will increase purchasing, jobs, and manufacturing. Under this concept, the government will still earn large revenues via the taxes collected from this spending. The more people spend, the more the state collects in sales taxes. The federal government will take in greater amounts of income tax because more people will be employed, will earn higher salaries, or both. Government will also take in greater revenues in corporate taxes from company profits. Supply-siders try to determine the right level of tax to strengthen firms and increase overall government revenues.

Keeping taxes low also provides incentives for people to work more and earn more, knowing they will be able to save more money. They will also invest more in other ways. If they are not spending money at the store, they may put more money into the economy with larger investments, such as purchasing stocks or bonds. These activities boost the economy and show consumer confidence.

Conservative ideologies favor this supply-side theory with its limits on government regulations and reduced taxation. The Republican Congress in late 2017 passed the Tax Cuts and Jobs Act, promoted by President Trump, which overhauled the tax code, temporarily lowering taxes for individuals and permanently lowering taxes for corporations. Proponents of the bill, which passed in the Senate with no votes from Democrats, argued that the lower taxes for corporations will induce them to pass some of the savings on to workers in the form of higher wages and to hire more workers, both of which would help the economy grow.

Libertarians favor even fewer government regulations. Libertarians believe the government should do no more than protect property rights and voluntary trade but in other ways let the free market work according to its own principles.

Differing Views on Revenue and Spending

In addition to conflicting views on the extent of government involvement in the economy, liberals and conservatives have differing views on the tax laws that produce revenue and policies that guide government spending.

Revenue Article I of the Constitution gives Congress the power to lay and collect taxes and to borrow money. It is through this power that the United States taxes, charges fees, and borrows money to collect revenue.

When the framers empowered Congress to lay and collect taxes, they only vaguely defined how Congress would assess and collect those taxes. For the first several decades, customs duties on imports supplied most of the government revenues. During this time, however, the federal government provided many fewer services than it does in modern times.

Congress passed the first income tax to support the Union cause during the Civil War. In the later 1800s, Congress instituted the first-ever peacetime income tax to support the growing federal government. In *Pollock v. Farmers' Loan and Trust* (1892) the Supreme Court ruled income taxes unconstitutional because Article I did not specifically grant Congress the power to directly tax individuals. This was a classic case that exemplified the Court's late-1800s judicial activism and adherence to *laissez-faire* or free-market thought.

To trump the Court's decision in *Pollock*, Congress proposed and the states ratified the **Sixteenth Amendment (1913)**, which allows Congress to tax people's incomes. Soon after, Congress began defining the income tax system and later created the **Internal Revenue Service (IRS)** to oversee the collection process. Today, the largest share of federal revenue comes from these income taxes on individuals.

Over the last century, Congress has regularly altered the tax code for a variety of reasons. Our national income tax is a **progressive tax**, meaning one's tax rate increases, or progresses, as one's income increases. During World War II, the highest tax bracket required a small number of Americans, only those making the equivalent of \$2.5 million a year in today's dollars, to pay 94 percent of their income in tax. Since President Kennedy encouraged a

major drop in the tax rate in 1962, the top tax bracket has gradually diminished. In the 1970s, the richest taxpayers paid around 70 percent. While conservative Ronald Reagan was in office in the 1980s, it fell to below 30 percent, and in the most recent decades, it has hovered between 35 and 40 percent. The Trump administration's Tax Cuts and Jobs Act of 2017 lowered the highest individual tax bracket to 37 percent.

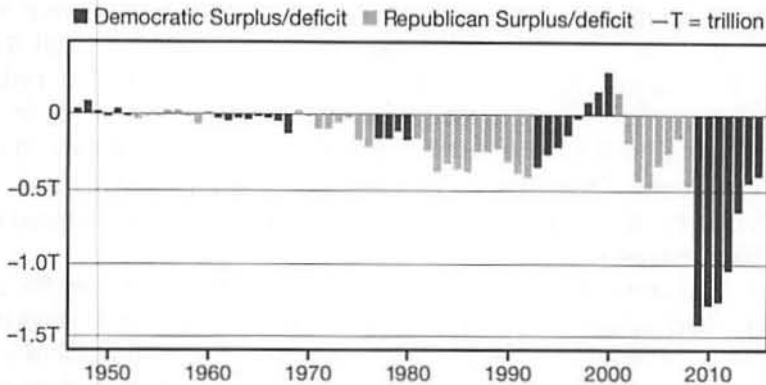
Paying nearly 40 percent of what one earns to the national government seems high, but only the richest Americans do so. Today, only people earning hundreds of thousands of dollars per year are paying at this high rate. In fact, more than 18 million people in the United States need not even file a tax return, and well over 30 million others still end up paying no federal income tax at all. Middle-class Americans—families earning under \$165,000 per year, pay roughly between 12 and 22 percent of their incomes to the federal government. Public opinion supports a mildly progressive tax code, and that has been the standard since the Progressive Era (1890–1920). Some conservatives on the far right, however, argue for a **flat tax**, one that taxes citizens at the same rate. Libertarians go even further, arguing that the government should not coerce people to do anything, including paying taxes.

Tax as Social Policy Congress has used taxing power not only as a revenue source but also as a way to draft social policy, by encouraging certain behaviors and discouraging others. When liberals have been in charge of drafting tax laws, Congress has created incentives to encourage people to purchase energy-efficient cars, appliances, solar panels, doors, and windows for their homes in order to protect the environment. The Trump tax reform eliminated some of those incentives while providing incentives for families who hold what many call traditional values. These incentives include increased child tax credits to encourage having children, with married couples receiving the greatest benefits. Special interest groups have also pushed for loopholes in the tax code to favor certain people.

Spending The budget process has become very partisan as Republicans and Democrats differ on spending priorities. Republicans tend toward fiscal conservatism; Democrats tend to spend federal dollars more liberally on social programs to help the disadvantaged or to support the arts.

The President initiates the annual budget, the plan for how revenue will be spent. (See pages 96–101 for more on the budget process.) Members of Congress from the party opposite the president commonly claim the president's budget plan is "dead on arrival." The reality is that typically both parties vote to spend more than the federal government takes in, increasing the national debt, while they argue about philosophical differences on parts of the budget that make up a fraction of the total. For example, some argue against spending money on NASA and other scientific endeavors. For the 2017 budget, all funds going to science, space exploration, and technology totaled \$19.6 billion, a huge sum, but less than 1 percent of the overall budget. The National Endowment for the Arts, always a target for criticism from fiscal conservatives, was eliminated completely from President Trump's 2018 budget proposal, as was the National

Federal Surplus and Deficit



Source: Office of Management and Budget as of December 2016.

What policy explains the very large deficit starting in 2009?

Endowment for the Humanities, even though these endowments represented a mere 0.009 percent of the budget. In the final budget, however, their funding was extended. Welfare programs, an easy slice of the federal pie to rile taxpayers, typically amounts to between one and two percent.

Balancing the budget—spending no more than the revenue takes in—is a nearly impossible task. Democrat Bill Clinton (1993–2001) has been the only president in recent time to balance the budget, which he accomplished with no Republican support by raising taxes on the wealthy. Neither party has been able to sustain a balanced budget with all of the demands on government spending, though Democrats have done a slightly better job.

Political Ideologies on Monetary Policy

The basic forces of supply and demand that determine prices on every product or service from lemonade to cars also determine the actual value of the U.S. dollar. Of course, a dollar is worth 100 cents, but what will it buy? Diamonds and gold are worth a lot because they are in short supply. Paper clips are cheap for the opposite reason. These same principles affect the value of money. **Monetary policy** is how the government manages the supply and demand of its currency and thus the value of the dollar. How much a dollar is worth depends on how many printed dollars are available and how much people (both Americans and those around the world) want them.

Inflation (rising prices and devaluation of the dollar) occurs, monetarists will tell you, when there are too many dollars in circulation. If a government prints few dollars or closely monitors how much currency makes its way into circulation, the value of a dollar will remain relatively high. Conservatives tend to prefer monetary policy adjustments to regulate the economy over fiscal policies, which they tend to regard as wasteful government spending and unnecessary interference.

The Federal Reserve System

To manage the money supply, Congress created the Federal Reserve System in 1913. It consists of the **Federal Reserve Board** and 12 Federal Reserve Banks. The Federal Reserve Board, typically referred to as "The Fed," is a board of seven "governors" appointed by the president and approved by the Senate for staggered 14-year terms. One governor serves as the chairman for a four-year term. This agency sets monetary policy by buying and selling securities or bonds, regulating money reserves required at commercial banks, and setting interest rates.

The 12 Federal Reserve Banks serve as the intermediaries for money traveling from the government printing press to the commercial banks in your hometown. The letter code in the Federal Reserve seal on the face of a dollar bill represents one of these 12 banks. The U.S. government loans these printed dollars to the commercial banks.

The Fed also determines the rates for government **bonds**, or securities (government IOUs), and when to sell or purchase these. In addition to taxes, our federal government takes in revenue when individual Americans or even foreign governments purchase U.S. bonds or other Treasury notes on a promise that the United States will pay them back later with interest. The Fed both sells these to and purchases these from commercial banks. When it buys them back with interest, it is giving the banks more money with which to operate and to loan out to customers.

The Fed also sets the **discount rate**, the interest rate at which the government loans actual dollars to commercial banks. Since 1990, this rate has fluctuated from 4 to 6 percent; more recently it has dropped below 1 percent. Raising or lowering the discount rate has a direct impact on commercial banking activity and the economy in general. Commercial banks will borrow larger sums when the rate is lower and drop their interest rates accordingly in order to loan more money to its customer-borrowers. When banks can offer lower interest rates to consumers, people purchase more cars and houses. When more homes or cars are purchased, employment rises as more car sales associates, realtors, and housing contractors are needed, and demand is generated for lumber, bricks, rubber, and gasoline.

Reserve Requirement The Fed also regulates how much cash commercial banks must keep in their vaults. This amount is known as the **reserve requirement**. While these banks give you an incentive to keep your money with them by offering small interest rates on savings or checking accounts, they charge higher rates to those borrowing from them. The Fed sets reserve requirements, the amount of money that the bank must keep on hand as a proportion of how much money the bank rightfully possesses (though much of it is loaned out to borrowers). These reserves and this requirement have a direct effect on how much the bank can loan out. If the reserve requirement declines from \$16 on hand for every \$100 it loans out to \$12 on hand per \$100, the bank will be encouraged to loan out more. If the reserve requirement rises, the interest rates will also rise.

THE FEDERAL RESERVE AND THE ECONOMY

- The Fed sets the terms for U.S. bonds and Treasury bills.
- The Fed can raise or lower the discount rate.
- The Fed can alter banks' reserve requirement.

Independence and Stability As you can see, decisions at the Fed can have monumental impact on the value of the dollar and the state of the economy. That is why the Federal Reserve Board is an independent agency in the executive branch with a unique structural design. Presidents can shape the Fed with appointments, but once confirmed, these governors and the chairman act in the best interest of the nation, not at the whims of the president or of a political party. Their lengthy 14-year terms allow for continuity. The chairman's term is a four-year period that staggers the president's term to prevent making the appointment an election issue. The president can remove these governors for stated causes if they do not act in the best interest of the nation.

Differing Views on Monetary Policy

Supporters of monetary policy as the best stabilizing factor in an economy—mainly conservatives—look to the work of Milton Friedman and Alan Greenspan (Fed chairman from 1987–2007) as their theoretical base. Both disagree with the Keynesian analysis of the economy and have supported an “easy-money” policy of lowering interest rates to stimulate banks to loan more money, which in turn stimulates consumption and economic growth. This policy also guards against inflation. Critics of this approach, including many liberals, point to studies that show it has not had the desired effects and may have even been part of the cause of the Great Recession, when housing prices fell dramatically, stranding homeowners who borrowed with easy money and then found themselves with mortgage amounts exceeding the value of their homes. Many were forced to abandon their homes and the equity they had invested.

Individual libertarians differ in their views on monetary policy, but the Libertarian Party has taken a position on it: It opposes all national controls of the economy and believes the free market does the best job of adjusting to economic downturns. It favors doing away with the Federal Reserve Bank and all regulations on banking.

Political Ideologies on Trade

Globalization is the process of an ever-expanding and increasingly interactive world economy. Nations have increased their trading over the past two generations. Today, most products you find in your local department store were produced overseas. The U.S. government, mostly through Congress, can decide to increase or decrease this trade. A government wants to encourage its firms to export to larger world markets so that wealth from other nations enters the U.S. economy. A nation that exports more than it imports has a favorable

trade balance. One that purchases more goods from other nations than it sends out has a trade deficit. The size of this surplus or deficit is but one measure of U.S. economic success. On the other hand, Congress imposes import duties on products coming into the country to protect U.S. manufacturers.

According to the U.S. Constitution, Article I, Section 9, to encourage American production, Congress cannot tax exports. The framers did, however, expect Congress to tax imported goods, charging fees to foreign manufacturers in order to give American manufacturing an advantage. Import taxes require foreign firms to raise prices on their goods once they arrive in the United States. The idea was to create a favorable trade balance, hoping Americans would produce and export more than they imported.

NAFTA Since trade has an impact on the economy, trade agreements generate ideological differences of opinion. For example, the 1994 **North American Free Trade Agreement (NAFTA)** lifted trade barriers among the three largest North American countries: the United States, Canada, and Mexico. This agreement effectively removed import taxes among these powers. The debate about this agreement created a battle between generally conservative corporations and generally liberal labor unions. The business community, manufacturing firms, and economic conservatives generally favor free trade. To *laissez-faire* economists, lifting barriers and government interference will create a free flow of goods and services on a global scale. These same proponents of globalization argue that the process has decreased poverty and enhanced the general quality of life in foreign nations as well as opening new markets for U.S. goods and services.



A vessel stacked with containers filled with Chinese goods approaches Port Angeles in Washington state. China is the nation's number-one trading partner. The United States imported \$479 billion in goods and services from China in 2016 and exported to China \$170 billion.

Many laborers, however, feared that American firms would outsource their labor requirements, which they have done. The auto industry suffered a major blow over the past decade and the automakers in Detroit closed plants and laid off workers. The free traders responded that the Mexican economy has grown and Mexico has bought more goods and services from the United States.

Ideological Differences on Social Issues

Just as political ideologies vary on the issue of government involvement in the economy, so do they vary on the extent to which the government should address social issues. The Preamble to the Constitution declares that the government will “promote the general welfare” of its citizens. How that is interpreted, however, varies according to political theories.

For example, many people believe the goals of the Constitution are best served when the government plays a key role in providing **social welfare**—support for disadvantaged people to meet their basic needs. The nation’s social welfare policy has enacted that goal, especially the New Deal programs of the 1930s and the Great Society programs of the 1960s. More recently, Congress passed and President Obama signed into law a national health care law, although it has been under attack by a Republican-dominated Congress and the Trump administration.

A Social Safety Net

In the liberal view of social policy, the government should provide a safety net for people in need and pay for it with higher taxes. This safety net takes the form of entitlements—government services Congress has promised by law to citizens—that are major contributors to both annual deficits and the overall debt. (See pages 99–101.) Congress frequently defines criteria that will award cash to individuals, groups, and state or local governments. Congress must cover this **mandatory spending**, paying those who are legally “entitled” to these funds. **Entitlements** include Social Security, Medicare, Medicaid, block grants, financial aid, food stamps, money owed on bonds, and the government’s other contractual obligations.

The largest entitlement program is Social Security. This mandatory government-run retirement plan constitutes more than 20 percent of the budget. Compared to the 1930s, Americans are living much longer. Some predict the Social Security trust fund—an account set aside and protected to help maintain the system—will become exhausted in 2042. At that time, the annual revenue for the program is projected to drop by 25 percent.

Politicians began realizing the potential hazards with this program years ago. Political daredevils have discussed privatizing the program or raising the retirement age. However, people who have paid into the system for most of their lives become upset when they hear politicians planning to tamper with Social Security or to change the rules in the middle of their life-game. Older citizens vote reliably, and the American Association of Retired Persons (AARP) is the largest and one of the most influential interest groups in the

nation. These factors have made Social Security the “third rail” of politics: Nobody wants to touch the third rail of a train track because it carries the electrical charge, and no politician wants to touch Social Security because of the shockwave in constituent disapproval.

Combined, Medicare and Medicaid make up nearly 20 percent of the federal budget. Once a patient is 65 years old, the government pays for most doctor visits, hospitalization, and prescription drugs. Medicare is largely administered by the states while the federal government pays the bill.

Congress must pay entitlements, but these could be altered. The rules and criteria can change to trim the payments to those entitled. And, for the future, some could surely be scrapped. The problem is that most entitlements are on autopilot, and the government need not review them annually. And, like the third rail of Social Security, politicians have little nerve to take away money from those who have paid into the system their entire working lives.

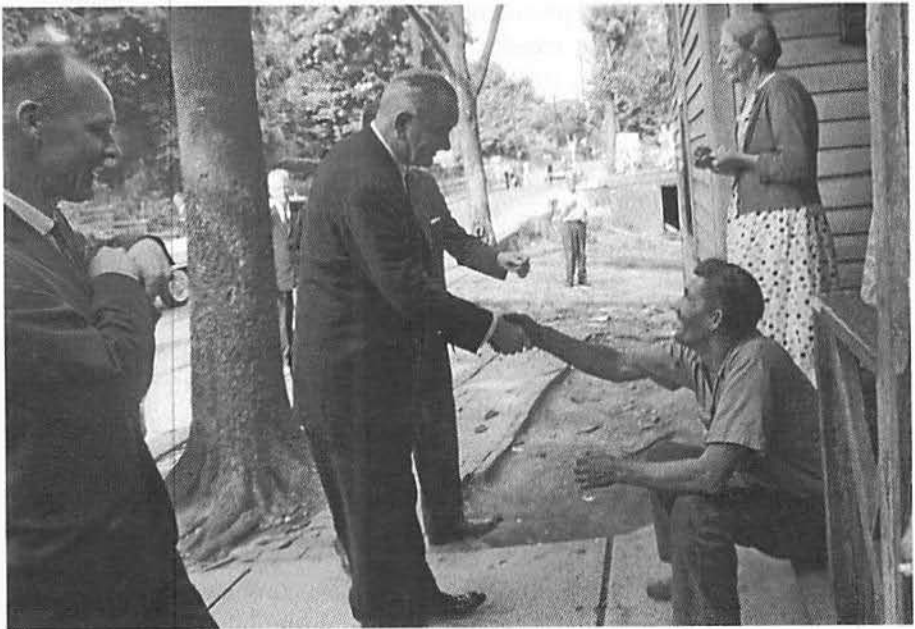
Other Western nations provide more social welfare services to their needy citizens than does the United States and begin providing services much earlier. Factors such as federalism and differing views on responsibility have slowed the United States in this regard. To some degree, American society has taken care of its elderly and its poor. Philanthropists and most states had some type of programs to support widows, orphans, and the less fortunate. However, not until Social Security was established to provide modest income to those who qualify did the poverty rate among the elderly decline from about 50 percent during the Great Depression to just under 10 percent now, though it is somewhat higher for senior women.

Social Security Act Amid the Great Depression, Franklin Delano Roosevelt (FDR) and his team of advisors created a federal safety net for the elderly and supported those who were put out of work, and in so doing greatly expanded the role of government, creating what some call the welfare state. The economic disaster had bankrupted local charities and state treasuries, forcing the national government to act. The **Social Security Act of 1935** created an insurance program that required the employed to pay a small contribution via a payroll tax into an insurance fund designed to assist the unemployed and to help financially strapped retirees. An additional assistance program helps blind, elderly, and less fortunate people. The act guaranteed that all who paid into the system would collect retirement benefits via Social Security checks beginning at age 65. But for the less fortunate under 65, only those who did not have the means to survive would be provided benefits. The government developed a **means test** to determine which citizens qualify for this aid.

Officially called Old Age, Survivors, and Disability Insurance (OASDI), Social Security requires most employed citizens to pay 12.4 percent (the employer pays 6.2 percent and the employee pays 6.2 percent) into a trust fund that is kept separate from the general treasury as an independent agency to protect it. The Social Security Administration handles the fund and distributes the checks. It is a large agency composed of almost 60,000 employees and more than 1,400 offices nationwide.

Medicare and Medicaid FDR's plan to pay for the elderly's medical care was tabled until Congress passed the **Medicare** law in 1965 during the Democratic administration of President Lyndon Johnson. Medicare helps ease the medical costs of seniors over the age of 65. It is administered by an agency in the Department of Health and Human Services and is funded by a payroll tax of 1.45 percent paid by both employer and employee. For those earning more than \$200,000 per year, the rate has recently increased to 3.8 percent. The law, which has since been amended, is broken into four parts that cover hospitalization, physicians' services, a public-private partnership known as Medicare Advantage that allows companies to provide Medicare benefits, and a prescription drug benefit. For those over age 65 who qualify, Medicare can cover up to 80 percent of their health care costs. **Medicaid** provides health insurance coverage for the poorest Americans. To be eligible for Medicaid services, the applying citizen must meet minimum-income thresholds or be disabled or pregnant.

Liberals supported other measures in President Johnson's Great Society initiative, including programs in a War on Poverty that provided additional aid for the poor, subsidized housing, and job retraining programs, with the total increasing from nearly \$10 billion in 1960 to about \$30 billion in 1968. The percentage of people living in poverty fell dramatically, especially among African Americans.



Source: *LBJ Presidential Library*

President Lyndon Johnson toured poverty-stricken areas of the country in 1964 as part of his War on Poverty to offer hope for better times.

Conservative Opposition Conservatives and libertarians, however, had long opposed these expensive government programs. As early as 1964, Ronald Reagan clearly articulated the conservative view in a speech in supporting the candidacy of conservative Republican presidential candidate Barry Goldwater:

The Founding Fathers knew a government can't control the economy without controlling people. And they knew when a government sets out to do that, it must use force and coercion to achieve its purpose. So we have come to a time for choosing . . . You and I are told we must choose between a left or right, but I suggest there is no such thing as a left or right. There is only an up or down. Up to man's age-old dream—the maximum of individual freedom consistent with order—or down to the ant heap of totalitarianism.

When Reagan became president in 1981 he built on efforts he made while governor of California to cut back on government social spending. “Reaganomics,” as the economic programs of Reagan have come to be called, stressed lowering taxes and supporting free market activity. With lower taxes, welfare programs, such as the food stamp program and construction of public housing, were cut back.

Health Care American citizens purchase health insurance coverage either through their employer or on their own. Health insurance eases the cost of doctor visits, prescription medicines, operations, and other medical costs. Many politicians and several presidents have favored the idea of a government-based health care system for decades. Some health insurance regulations have existed for years, sometimes differing from state to state. Recently, with the continual increases in insurance prices and the diminishing level of coverage, more Americans have bought into the idea of expanding government regulation of health insurance and making the service more affordable.

This idea finally became law with the passage of the **Patient Protection and Affordable Care Act** in 2010. Sometimes referred to as “Obamacare” because of President Obama’s support for the law, the comprehensive Affordable Care Act became a divisive issue in party politics, with opponents concerned about the overreach of government. Conservative legislators, many of them backed by wealthy campaign donors with libertarian leanings, objected to the government’s involvement in health care and fought it fiercely. The Republicans lacked the power in Congress to prevent it from becoming law, but after they gained control of both houses and the White House with the election of President Trump in 2016, they have chipped away at the plan repeatedly and several times tried to repeal it completely.

Conservatives tend to believe that private companies can do a better job providing social services, including health care, than the government. They push for privatization of Medicare and Medicaid as a way to reduce mandatory spending and energize the private sector. In their view, privatizing health care would increase competition among providers, which in turn will lead to generally lower health care costs.

Labor

Labor is both an economic and a social issue. As an economic issue, conservatives tend to view labor as an element of the free market that should not be regulated by the government. Wages, according to this view, should be determined by supply and demand. Liberals, in contrast, view labor as a unique element in the marketplace because of the complexities of human behavior. For example, workers with higher wages tend to be more motivated to do a good job and remain with an employer longer than workers with lower wages, factors not considered in the supply-and-demand model.

As a social issue, conservatives tend to view organized labor as a negative influence. In some states at some places of business, whether they want to join a union or not, workers are required to pay union dues. Many people believe that such requirements are an infringement of their individual liberties, especially since labor unions actively campaign for candidates and not all workers support the candidates the unions endorse, as the election of Donald Trump in the Rustbelt states shows. Liberals have a much more positive view of organized labor as a force that has lifted workers into a position of some power through collective bargaining, which has resulted in the 40-hour work week, employer-provided health care, and many other benefits.

Corporations and workers struggled as the labor union movement developed from the late 1800s into the Great Depression. During periods of liberal or progressive domination of the federal government, Congress passed various laws that prevented collusion by corporations, price fixing, trusts, and yellow dog contracts (forcing newly hired employees into a promise not to join a labor union). Different presidents implemented these laws with varying degrees of enforcement. As part of the New Deal program, Congress passed the Wagner Act (also known as the National Labor Relations Act) in 1935 and the Fair Labor Standards Act in 1938. The Wagner Act created the National Labor Relations Board, a federal executive branch commission that regulates labor organizations and hears complaints of unfair labor practices. It also ensured workers' rights to collectively bargain with management. The second law established minimum wage, defined the 40-hour work week, and required companies to pay employees overtime pay.

After World War II, Republicans gained control of Congress in the 1946 mid-term elections and passed the Taft-Hartley Act (1947), generally favored by business and partly counteracting the labor movement. It enabled states to outlaw the closed shop—a company policy or labor contract that requires all employees to join the local union. States could now pass “right to work” laws. Taft-Hartley also allowed the federal government to block any labor strike in an industry that might put into jeopardy the “national health or safety.” With Democratic support, Congress created the Occupational Safety and Health Act in 1970, which established the Occupational and Safety and Health Administration, or OSHA. OSHA inspects factories and other workplaces for occupational hazards. Like other regulatory agencies, OSHA can fine a company or can close it down until problems are fixed.



Source: Getty Images

President Ronald Reagan (C), with his Transportation Secretary Andrew L. Lewis (R) and Attorney General William French Smith

During the conservative presidency of Ronald Reagan, however, organized labor received a blow that has been hard to overcome. Reagan spoke out against the August 1981 strike by air traffic controllers. He declared the strike illegal because the controllers were public employees, and he fired them. Their union was later decertified. Reagan was in general a supporter of workers' rights to collective bargaining, but his firm stand against the air traffic controllers, according to labor expert Joseph A. McCartin, "shaped the world of the modern workplace," which has seen dramatically fewer participants in labor walkouts.

Ideological Differences on Government and Privacy

Other social issues besides government spending also divide liberals and conservatives. These concern matters related to personal choice and individual freedoms. Liberals tend to think that the government should not regulate private, personal matters, while many modern social conservatives believe the government needs to protect core values even if doing so intrudes on some individual freedoms.

Privacy and Intimacy

Many of the issues that divide liberals and conservatives on privacy relate to intimate decisions. With the 1965 ruling in *Griswold v. Connecticut* (page 287), the Court established a precedent for a right to privacy on intimate matters. That decision found that a Connecticut state law forbidding married

persons from using contraception and forbidding people such as health care professionals from helping or advising someone else to use contraception was unconstitutional. Most liberals agree with this position. Similar cases with strong liberal support include *Roe v. Wade* (1973), which legalized abortion under certain conditions (see page 288); *Lawrence v. Texas* (2003), which ruled that laws banning consensual same-sex intimacy violated the Fourteenth Amendment's equal protection clause; and *Obergefell v. Hodges* (2015), which found that denying marriage to same-sex couples violated their rights.

Conservative Supreme Court Justice Antonin Scalia, however, said in a 2012 television interview, "There is no right to privacy," adding that the *Griswold* case "was wrong." Conservatives tend to believe that if the states pass laws in these areas of personal privacy, the federal government does not have authority to overrule them since the right to privacy is not explicit in the Constitution.

A number of recent cases highlight the difference between liberal and conservative views on privacy. For example, does the federal government through the Supreme Court have a right to overrule a state law that requires transgender people to use public bathrooms that match their birth sex rather than their gender identity? Conservatives argue that the state law should stand. Some students argue that being forced to use a school bathroom with people of the opposite physical sex violates *their* right to privacy.

Informational Privacy

Liberals and conservatives often disagree on issues of informational privacy as well. Though both perspectives value the privacy of an individual's personal data, they sometimes disagree on where the balance between individual liberty and national security lies. Conservatives tend to be more supportive of government surveillance efforts, especially when the nation may be under threat. Liberals tend to favor stricter limits on government surveillance.

However, over the years, as technology has made sweeping data collection simple, liberals and conservatives have joined in opposing the National Security Agency's collection of bulk data. Both support the requirement that requests for information need to be approved by the court authorized under the Foreign Intelligence Surveillance Act (FISA), but people with both liberal and conservative ideologies worry about the easy access the government may have to personal information. (For a full discussion of informational privacy and the Fourth Amendment, see pages 277–282.)

Education and Religion

On some matters related to education and religion, conservatives want less government intrusion than liberals. For example, many parents choose to send their children to private schools, which are often associated with a religious denomination. However, they still must pay local taxes that support the public schools. A number of states provide vouchers—diversions of public funds—to these families to defray the costs of these private schools.

Conservatives argue that the freedom to choose the educational environment and curriculum of their children is fundamental. They also argue that private schools create competition for public schools, which, to keep their students, will have an incentive to improve.

This free market approach to education is very different from the free public education value cherished by liberals, who worry that funds diverted from public schools will weaken an already challenged system. Liberals tend to want more government involvement in education than conservatives. For example, most liberals supported President Obama's "Race to the Top" initiative, which encouraged states to compete for grants to help them adopt rigorous standards, use data efficiently, establish data-driven evaluations of teachers, and address under-performing schools.

Conservatives are likewise more opposed to government interference in the practice of their religious beliefs, even when that practice may clash with federal nondiscrimination law. For example, some businesses that provide services for weddings, such as caterers and bakeries, have refused to work with same-sex couples on the grounds that doing so violates their religious beliefs. They do not deny service to same-sex couples on non-wedding related items—only those that support same-sex marriage. Cases of discrimination are working their way up to the Supreme Court, with the proprietors emphasizing their First Amendment freedom of religious exercise and the customers emphasizing the state and federal laws that assure equal access to merchants.

**COMPARISON OF COLLEGE-EDUCATED DEMOCRATS AND REPUBLICANS ON SOME SOCIAL ISSUES
BASED ON GALLUP POLLS IN 2016 AND 2017**

Issue	Democrats	Republicans
Prefer government-run health care	72%	8%
Government should make sure all have health care	84%	22%
Taxed too little or the right amount	71%	30%
Poor people pay too much in taxes	57%	27%
Abortion is morally acceptable	82%	41%
Homosexuality is morally acceptable	86%	49%

Public policy at any time is a reflection of the success of liberal or conservative perspectives in political parties. When Republicans are in power, conservative policies on marketplace regulation, social services, and privacy are often voted or adjudicated into law. When Democrats are in power, they tend to promote liberal social, economic, and privacy policies.

REFLECT ON THE ESSENTIAL QUESTION

Essential Question: *How do political ideologies shape policy debates and choices in American politics? On separate paper, create a chart like the one below to help you answer that question.*

Type of Policy	Conservatives	Liberals
Fiscal Policy		
Monetary Policy		
Social Policy		

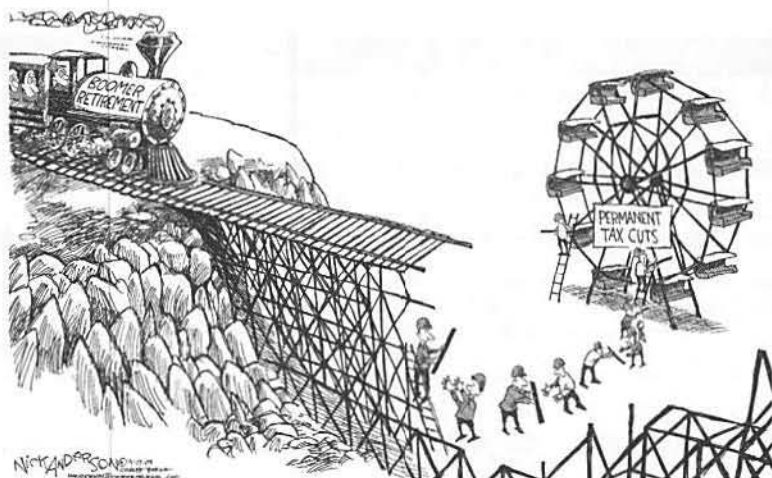
KEY TERMS AND NAMES

agenda/391	mandatory spending/405	progressive tax/399
bonds/402	means test/406	reserve requirement/402
discount rate/402	Medicaid/407	Sixteenth Amendment/399
entitlements/405	Medicare/407	Social Security Act (1935)/406
Federal Reserve Board/402	monetary policy/401	social welfare/405
fiscal policy/397	North American Free Trade Agreement (NAFTA)/404	supply-side economics/398
flat tax/400	Patient Protection and Affordable Care Act (2010)/408	trade balance/404
globalization/403		
inflation/401		
Internal Revenue Service (IRS)/399		

MULTIPLE-CHOICE QUESTIONS

1. Which of the following best describes the sequence of the policy decision-making process?
 - (A) Respond to challenges, plan for funding, cost-benefit analysis
 - (B) Plan for funding, cost-benefit analysis, development of agenda
 - (C) Public hearings, cost-benefit analysis, development of agenda
 - (D) Development of agenda, cost-benefit analysis, plan for funding
2. Which of the following best describes how policy reflects the attitudes and beliefs of citizens who choose to participate at a given time?
 - (A) Congress passes a new tax code.
 - (B) Marijuana is legalized with pressure from interest groups.
 - (C) The president issues an executive order on immigration.
 - (D) The Supreme Court rules on school prayer.
3. Which argument do supporters of supply-side economics make?
 - (A) The more revenue the government takes in and spends the better off the economy will be.
 - (B) Leaving more money in the citizens' pockets will stimulate the economy and generate government revenues through other taxes.
 - (C) The federal government should follow the ideas of John Maynard Keynes.
 - (D) The government should increase the supply of currency into circulation to bring down inflation.

Questions 4 and 5 refer to the cartoon below.



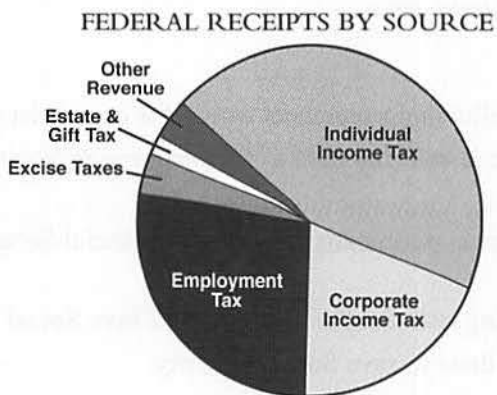
Source: Nick Anderson's Editorial Cartoons

4. With which of the following statements would the cartoonist agree?
- (A) The government is working hard to fix problems in Social Security.
 - (B) To provide tax cuts, politicians want to make Social Security less stable.
 - (C) Tax cuts are going to boost the economy and save Social Security.
 - (D) Nothing can be done to save Social Security.
5. Which of the following ideologies most likely aligns with the cartoonist's perspective?
- (A) Libertarian
 - (B) Conservative
 - (C) Liberal
 - (D) Independent

6. Which of the following is an accurate comparison of contemporary conservative and liberal political views?

	CONSERVATIVE	LIBERAL
(A)	Believes government should do less	Believes in expanding government's role
(B)	Believes fiscal policy is the best stabilizing approach	Believes monetary policy is the best stabilizing approach
(C)	Believes in increasing the minimum wage	Accepts higher taxes in return for more government services
(D)	Believes government should not intrude on personal intimacy decisions	Believes government should set limits on personal intimacy decisions

Questions 7 and 8 refer to the graphic below.



Source: OMB Historical tables, FY 2011

7. The pie graph above represents a key element of which of the following?
- (A) Fiscal policy
 (B) Monetary policy
 (C) Keynesian economic theory
 (D) Supply-side theory

8. To reduce the deficit, Democrats would most likely recommend increasing which source of revenue?
- (A) Individual Income Tax
 - (B) Corporate Income Tax
 - (C) Employment Tax
 - (D) Excise Taxes

Questions 9 and 10 refer to the passage below.

There are two theories of prosperity and of well-being: The first theory is that if we make the rich richer, somehow they will let a part of their prosperity trickle down to the rest of us. The second theory [is] the theory that if we make the average of [hu]mankind comfortable and secure, their prosperity will rise upward, just as yeast rises up, through the ranks.

—President Franklin D. Roosevelt, Campaign address at
Detroit, Michigan, 10/2/1932

9. To which economic theory does Roosevelt refer in his first example?
- (A) Laissez-faire
 - (B) Supply-side
 - (C) Keynesian
 - (D) Monetarist
10. In Roosevelt's second theory, which agent is making "the average of [hu]mankind comfortable and secure"?
- (A) The free market
 - (B) The Federal Reserve Board
 - (C) Social safety nets
 - (D) Corporate tax cuts that create jobs

FREE-RESPONSE QUESTIONS

1. “[The *College for All Act*] would provide \$47 billion per year to states to eliminate undergraduate tuition and fees at public colleges and universities.

Today, total tuition at public colleges and universities amounts to about \$70 billion per year. Under the *College for All Act*, the federal government would cover 67% of this cost, while the states would be responsible for the remaining 33% of the cost. . . .

States would be able to use funding to increase academic opportunities for students, hire new faculty, and provide professional development opportunities for professors. . . .

[This program would be] fully paid for by imposing a Robin Hood tax on Wall Street. This legislation is offset by imposing a Wall Street speculation fee on investment houses, hedge funds, and other speculators of 0.5% on stock trades (50 cents for every \$100 worth of stock), a 0.1% fee on bonds, and a 0.005% fee on derivatives. It has been estimated that this provision could raise hundreds of billions a year which could be used not only to make tuition free at public colleges and universities in this country, it could also be used to create millions of jobs and rebuild the middle class of this country.”

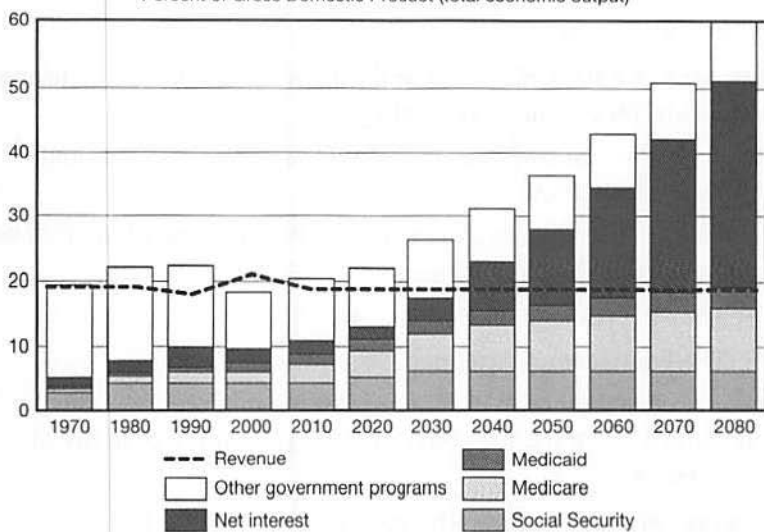
—Senator Bernie Sanders, Summary of *College for All Act*, April 2017

After reading the above, respond to A, B, and C below.

- (A) Describe the political ideology behind Senator Sanders’s proposed law.
- (B) Explain how the proposed law would affect federal fiscal policy.
- (C) Explain how the early stages of the policymaking process led to the proposed law.

Projected Government Spending on Entitlements

Percent of Gross Domestic Product (total economic output)



Source: Government Accounting Office

- Use the information in the graphic above to answer the questions below.
 - Describe the information conveyed in the graph.
 - Describe a trend conveyed in the graph and draw a conclusion about the causes of that trend.
 - Explain how liberals and conservatives would disagree on how to address the trend in the graph.
- In *Everson v. Board of Education of the Township of Ewing* (1947), the Court considered whether state reimbursements for transportation costs to parents of children who used public busing to get to school, even if they attended a religious school, violated the Constitution. A divided Court ruled that busing, like fire or police protection, is a general program and available on an equal basis to families no matter what their religion.
 - Identify the constitutional clause that is common to *Everson v. Board of Education* and *Engel v. Vitale* (1962). (See page 254.)
 - Based on the constitutional clause identified in part A, explain why the facts of *Engel v. Vitale* led to a different holding than the holding in *Everson v. Board of Education*.
 - Describe the likely political ideology of people who strongly agreed with the decision in *Everson v. Board of Education*.

4. Develop an argument that explains whether or not the federal government's involvement in education promotes democracy.

In your essay you must:

- Articulate a defensible claim or thesis that responds to the prompt and establishes a line of reasoning
- Support your claim with at least TWO pieces of accurate and relevant information:
 - ♦ At least ONE piece of evidence must be from one of the following foundational documents
 - The First Amendment
 - The Fourteenth Amendment
 - ♦ Use a second piece of evidence from the other foundational document from the list above or from your study of political ideologies
- Use reasoning to explain why your evidence supports your claim/thesis
- Respond to an opposing or alternative perspective using refutation, concession, or rebuttal



WRITING: EXPLAIN WHY EVIDENCE SUPPORTS A CLAIM

One requirement of the argumentative essay on the exam is that it shows how the evidence you choose supports your claim or thesis. The way you show that is by providing a *warrant*—a statement connecting the evidence to your thesis, often with a transitional word such as *because* or *therefore*. Suppose, for example, your claim is that the federal government should make cigarettes illegal. Your evidence is that cigarette smoking is harmful. Without a warrant, you do not show why, just because smoking is harmful, the government should make it illegal. A warrant would provide that glue:

Claim: The government should make cigarettes illegal.

Evidence: Cigarette smoking is harmful.

Warrant: Because one role of government is to protect health and safety, banning harmful cigarette smoking is a desirable action since it will save people's lives.